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Message Text

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ORIGIN EB-07

INFO OCT-01 ARA-06 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOTE-00 INR-07 NSAE-00 FAA-00 L-02 /025 R

DRAFTED BY EB/AN:AJRIMAS:DAP
APPROVED BY EB/AN:WBCOBB
CAB - D. LITTON
ARA/PAN - H. STEIN
---------- 015009
R 141647Z MAY 75
FM SECSTATE WASHDC
TO AMEMBASSY PANAMA

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E.O. 11652:N/A

TAGS: EAIR, PN

SUBJECT: CIVAIR: AIR PANAMA OPERATING PERMIT

REF: PANAMA 2625

1. ONE YEAR PERMIT (PER REFTEL) WAS CONSIDERED AS EXPE-
DITIOUS MEANS TO GRANT L.A. ROUTE AUTHORITY, HOWEVER CAB
ADMINISTRATIVE LAW JUDGE FRANK M. WHITING SERVED ON MAY 2
RECOMMENDED DECISION TO ISSUE FIVE YEAR PERMIT FOR PANAMA-
LOS ANGELES SERVICE VIA MEXICO CITY (COPY BEING POUCHED).
RECOMMENDED DECISIONS OF CAB ADMINISTRATIVE LAW JUDGES ARE
NOT BINDING ON CAB'S BOARD MEMBERS. DEPARTMENT AND CAB
MAKING EVERY EFFORT TO FACILITATE ISSUANCE OF PERMIT, BUT
WE DOUBT WHETHER IT WOULD BE DONE IN TIME FOR AIR PANAMA
TO COMMENCE SERVICE TO LOS ANGELES BY JUNE 1.

2. FYI: CAB STAFF PRESENTLY CONSIDERING RECOMMENDING TO
BOARD THAT AIR PANAMA BE ISSUED SINGLE PERMIT TO COVER BOTH
NEW YORK/MIAMI AND LOS ANGELES RIGHTS. PROPOSAL WOULD
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RECOMMEND THAT BOARD MAKE A FINDING THAT AIR PANAMA DOES

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NOT MEET OWNERSHIP/CONTROL CRITERIA AT THIS TIME, BUT THAT
BOARD SHOULD TEMPORARILY WAIVER REQUIREMENT AND ISSUE
PERMIT. CONDITION MAY BE INCLUDED IN PERMIT THAT BEFORE

ANY SUBSEQUENT EXTENSION OF PERMIT WILL BE GRANTED (THREE
YEARS HENCE) AIR PANAMA WOULD HAVE TO SUBMIT PLAN FOR
ACQUIRING OWNERSHIP AND CONTROL OF AIRLINE BY PANAMANIANS.
END FYI.

3. DEPARTMENT WISHES AVOID POSSIBILITY THAT PANAMANIANS
MAY MISUNDERSTAND ANY CAB FINDING THAT AIR PANAMA'S
OWNERSHIP/CONTROL DOES NOT RESIDE WITH PANAMANIANS AS
BEING CONTRARY TO DECEMBER 18, 1974 MEMORANDUM OF
CONSULTATIONS. MEMORANDUM COULD BE INTERPRETED AS PRO-
VIDING FOR PRIOR BILATERAL CONSULTATIONS ON THIS ISSUE.
WE BELIEVE CONSULTATIONS AT THIS TIME WOULD ONLY DELAY
PERMIT ISSUANCE. THIS WOULD BE INCONSISTENT WITH BASIC
PANAMANIAN GOAL OF IMPLEMENTING EARLY SERVICE TO
LOS ANGELES. WE ACCORDINGLY RECOMMEND THAT UNLESS EMBASSY
HAS STRONG VIEWS TO THE CONTRARY, IT DELIVER TO FONOFF
NOTE ALONG LINES OF PARA 4 BELOW. CONTENTS OF NOTE MAY
ALSO BE TRANSMITTED TO AIR PANAMA.

4. "...AND HAS THE HONOR TO REFER TO THE UNITED STATES-
PANAMA AIR TRANSPORT AGREEMENT OF MARCH 31, 1949 AS
AMENDED AND TO THE DECEMBER 18, 1974 MEMORANDUM OF
CONSULTATIONS RESULTING FROM THE CIVIL AVIATION DISCUSSIONS
HELD BETWEEN DELEGATIONS OF THE UNITED STATES AND OF
PANAMA IN DECEMBER 1974 PURSUANT TO THE SAID AGREEMENT.
THE UNITED STATES CIVIL AVIATION AUTHORITIES ARE PRESENTLY
IN PROCESS OF CONSIDERING THE RENEWAL OF A FOREIGN AIR
CARRIER PERMIT TO AIR PANAMA INTERNACIONAL, S.A. TO PRO-
VIDE AIR SERVICE BETWEEN PANAMA AND NEW YORK/MIAMI AND
AN AMENDMENT TO INCLUDE SERVICE TO LOS ANGELES, CALIFORNIA
VIA MEXICO CITY WITHOUT TRAFFIC RIGHTS BETWEEN MEXICO CITY
AND LOS ANGELES. THE UNITED STATES AUTHORITIES ARE MAKING
EVERY EFFORT TO PROVIDE FOR AN EXPEDITIOUS CONSIDERATION
OF THE PERMIT, CONSISTENT WITH APPROPRIATE UNITED STATES
REGULATIONS, IN VIEW OF THE KNOWN DESIRE OF AIR PANAMA
INTERNACIONAL, S.A. TO COMMENCE FLIGHTS INTO
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LOS ANGELES AT AN EARLY DATE. IN VIEW OF THE NEED
FOR PROMPT ACTION WITH REGARD TO THE PERMIT ISSUANCE, THE
UNITED STATES GOVERNMENT DOES NOT INTEND AT THIS TIME
TO REQUEST CONSULTATIONS WITH THE GOVERNMENT OF PANAMA
TO DISCUSS THE OWNERSHIP AND CONTROL ISSUE AS ENVISAGED
IN THE MEMORANDUM OF CONSULTATIONS UNDER REFERENCE.
ALTHOUGH THE OWNERSHIP/CONTROL ASPECTS OF AIR PANAMA WOULD
BE CONSIDERED IN GRANTING A FOREIGN AIR CARRIER PERMIT TO

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THE AIRLINE, IT IS THE BELIEF OF THE UNITED STATES AUTHOR-
ITIES THAT THE ISSUANCE OF THE REQUISITE PERMITS TO

AIR PANAMA AND THE CONSEQUENT EARLY IMPLEMENTATION OF THE
AIRLINE'S LOS ANGELES SERVICE WOULD NOT DEPEND ON A
DEFINITIVE SOLUTION OF ANY OUTSTANDING OWNERSHIP/CONTROL
ISSUES AT THIS TIME, BUT THAT CONSULTATIONS REGARDING
OWNERSHIP AND CONTROL ISSUES COULD BE DEFERRED UNTIL
AFTER THE ISSUANCE OF THE PERMIT.

"COMPLIMENTARY CLOSE." KISSINGER

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